



Potential Modifications to the Water Storage Investment Program

California
WATER COMMISSION

July 2020

Topics of today's presentation

- Program overview
- Individual project status
- Applicant letter
- Applicant requested program modifications

January 1, 2022, continuing eligibility deadline



- Completed feasibility studies and finding of feasibility



- Draft version of environmental documents

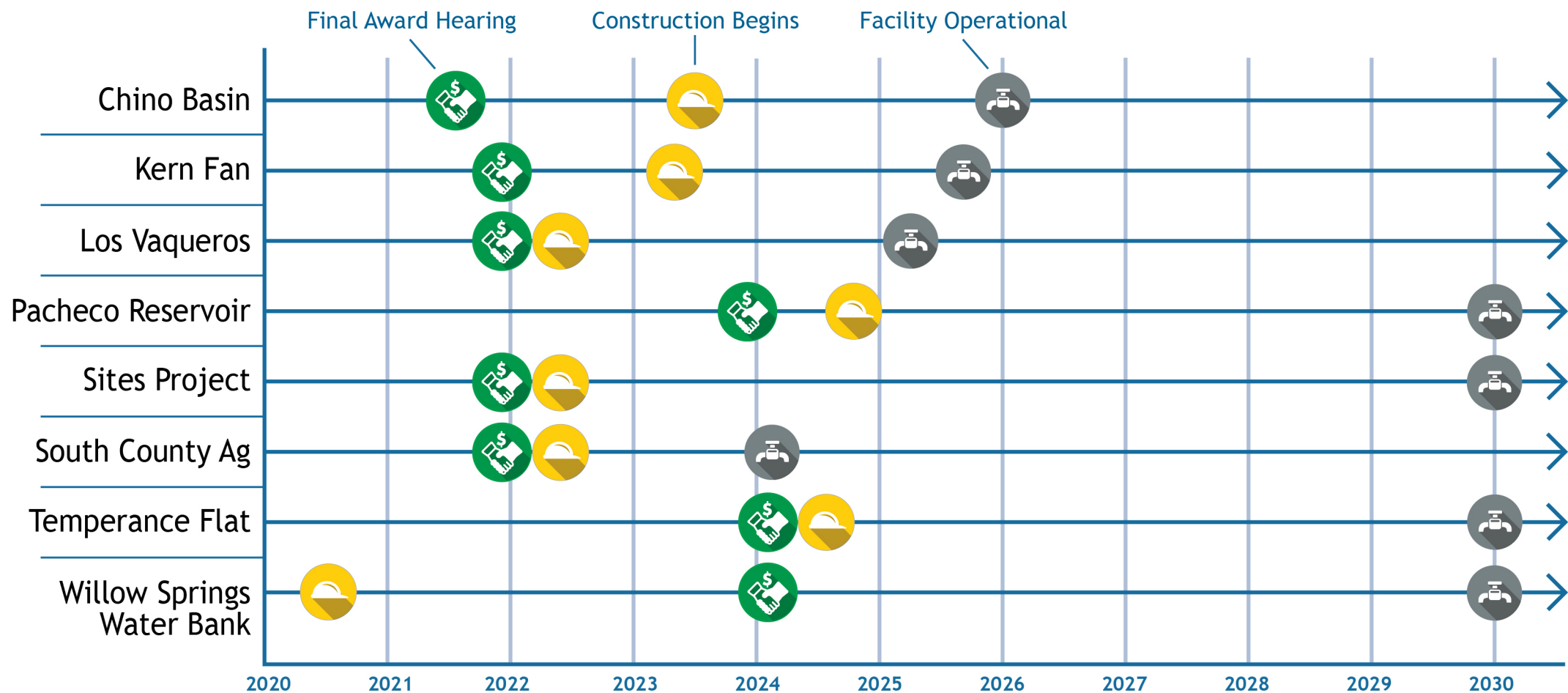


- Commitments for 75% of non-public benefit cost share contracts



Final award requirements

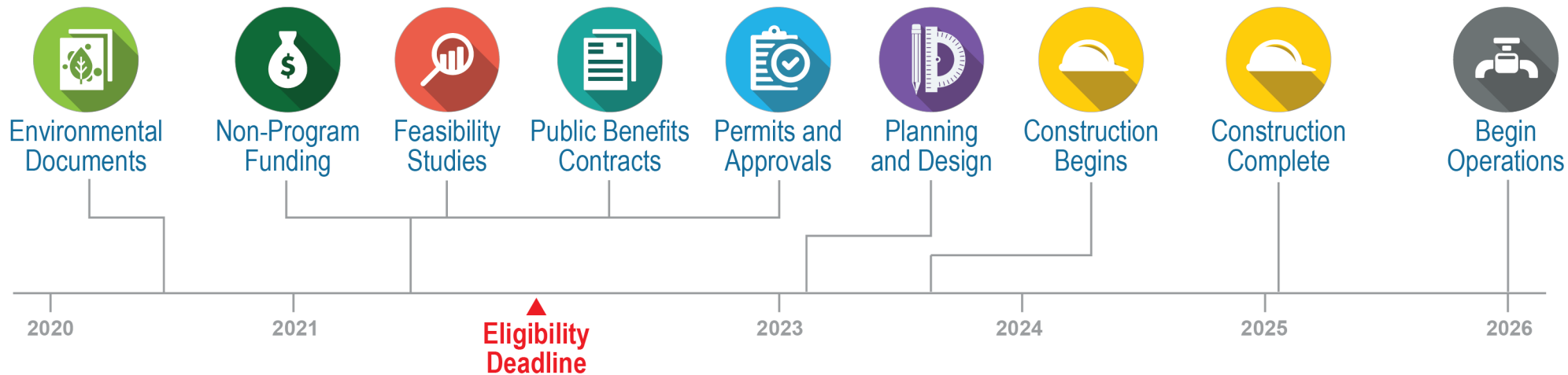
- Environmental documents
- Permits
- Non-public benefit cost share contracts
- Contracts for the administration of public benefits



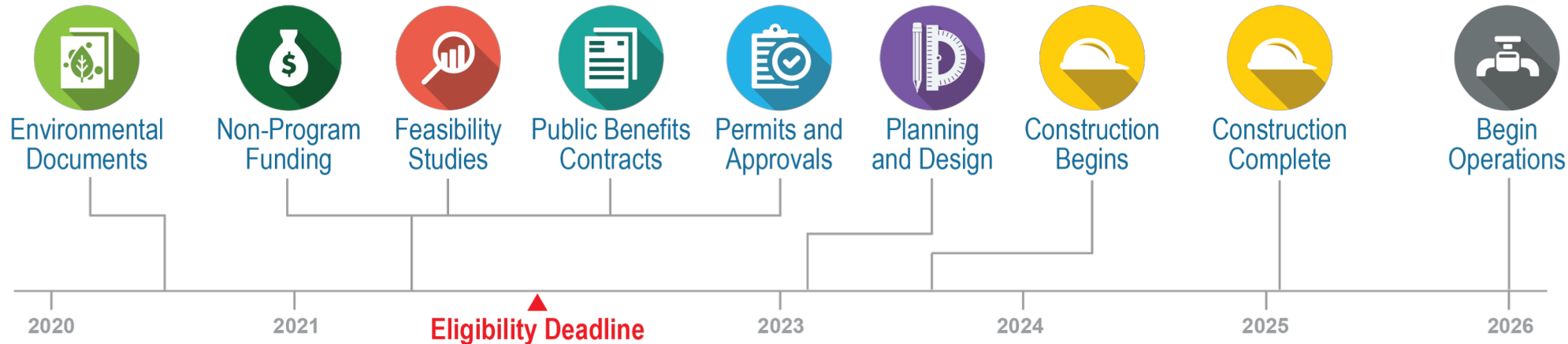
Info: cwc.ca.gov/Water-Storage

Chino Basin Conjunctive Use Environmental Water Storage/Exchange Program

Applicant: Inland Empire Utilities Agency



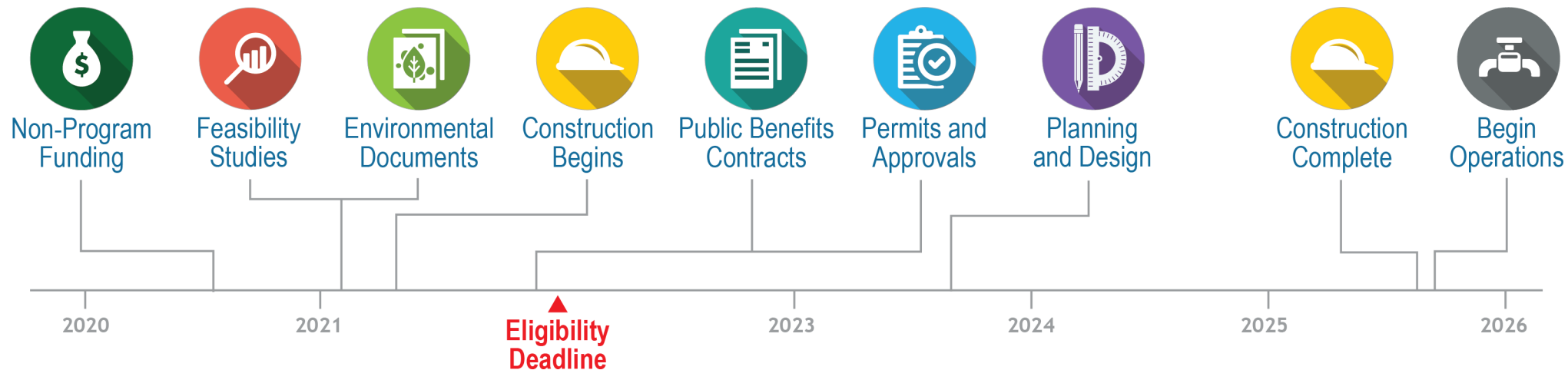
Public Benefits: Water Quality Improvements, Emergency Response, Ecosystem Improvements



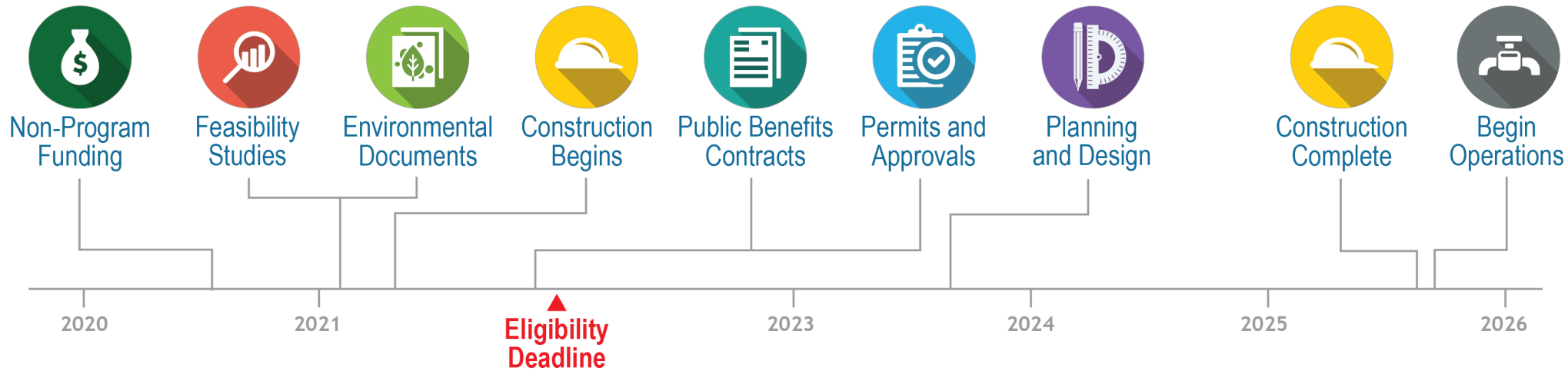
- An economic analysis is underway.
- Applicant is meeting with State agencies to work through the exchange process that will result in pulse flows in the Feather River.
- The program has a projected completion date of December 2025 with full operations commencing in 2026.
- Applicant's goal is to have their final award hearing in late 2021.

Kern Fan Groundwater Storage Project

Applicant: Irvine Ranch Water District and
Rosedale-Rio Bravo Water Storage District



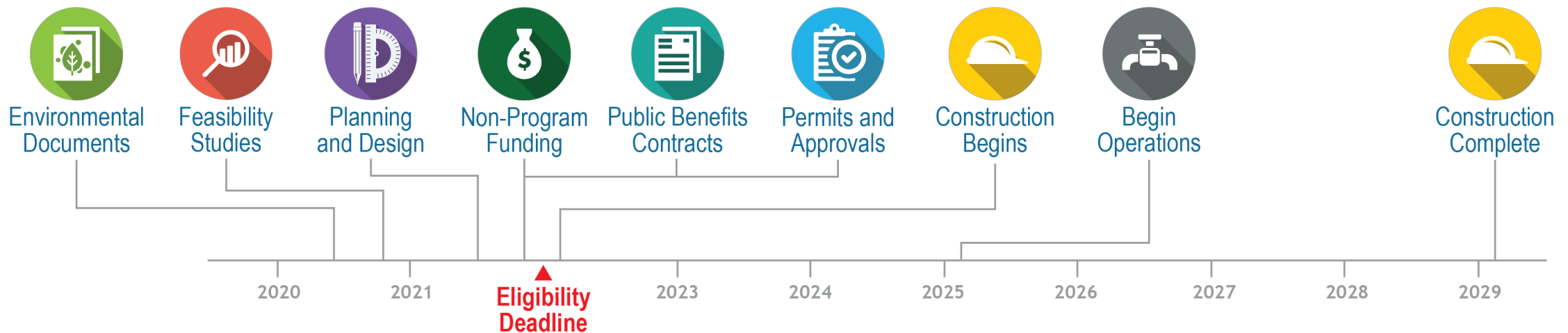
Public Benefits: Emergency Response, Ecosystem Improvements



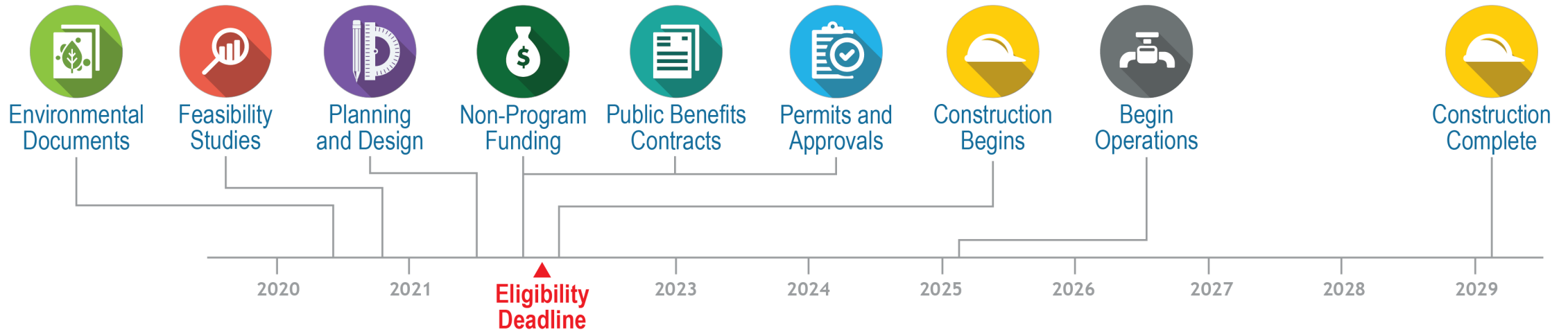
- Applicant is currently focused on getting approval of a new turnout on the California Aqueduct.
- The applicant is actively working on the exchange water that ultimately provides the ecosystem pulse flows.
- Construction is scheduled to begin in spring 2023 and be completed in fall of 2025, with operations beginning in summer of 2025.

Los Vaqueros Reservoir Expansion Project

Applicant: Contra Costa Water District



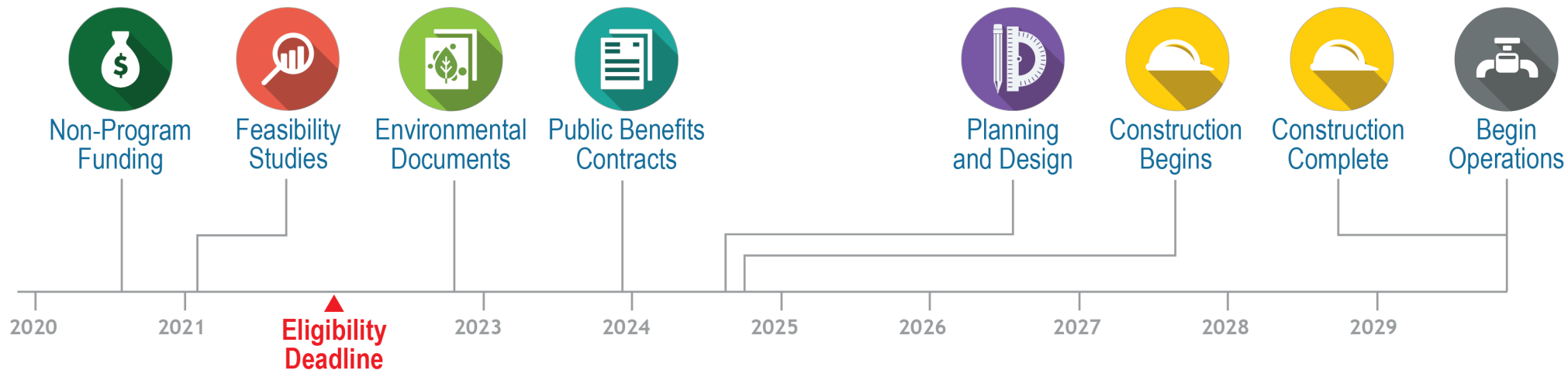
Public Benefits: Emergency Response, Recreational Purposes, Ecosystem Improvements



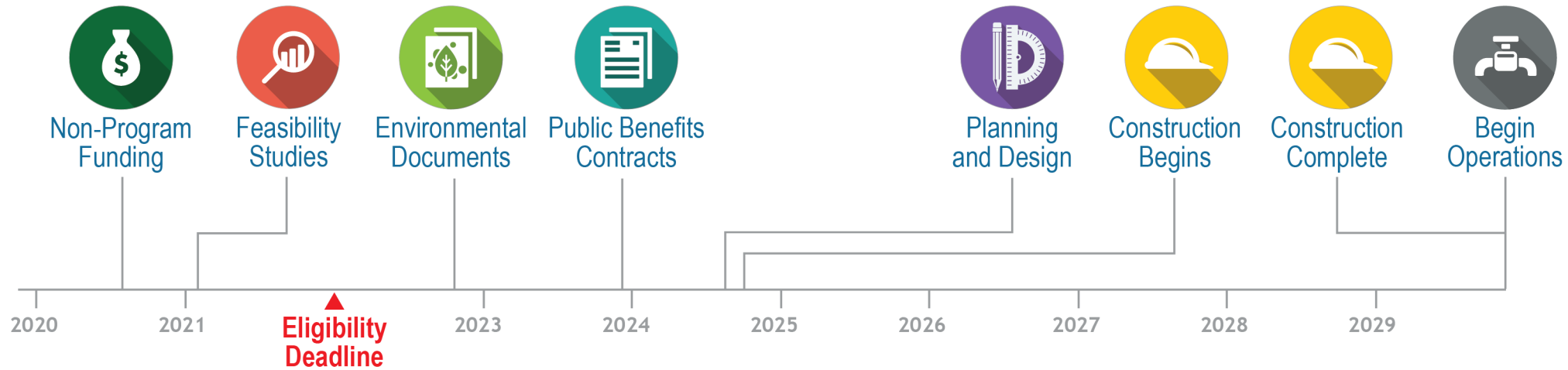
- The supplement to the Final EIR/EIS was completed in February.
- The Bureau of Reclamation has just completed a Final Feasibility Study for the project and will release it to the public this year.
- Meeting with federal and state agencies on permitting.
- Construction will begin in early 2022 with operations beginning in early 2025.

Pacheco Reservoir Expansion Project

Applicant: Santa Clara Valley Water District



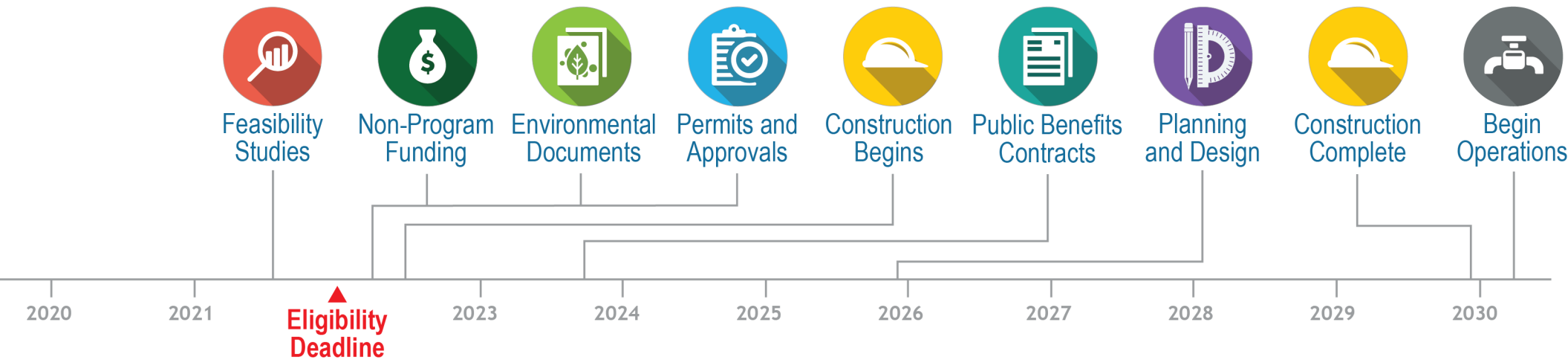
Public Benefits: Emergency Response, Ecosystem Improvements



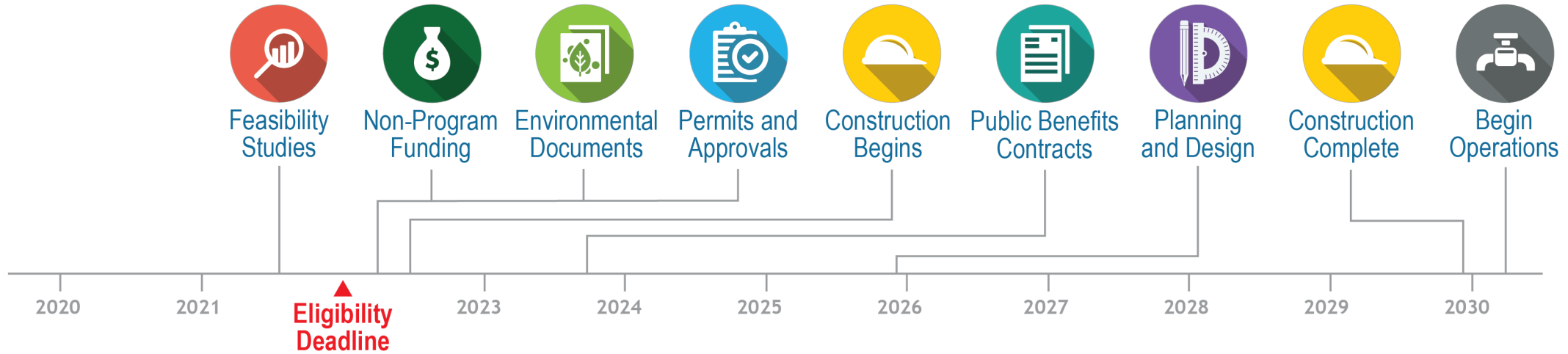
- Feasibility level design has been developed.
- Geotechnical and environmental investigations continue to collect and provide information for project planning and environmental documents.
- The applicant has been attending meetings with federal agencies and the state agencies that will be administering the public benefits.
- Construction will begin in 2024 and be fully operational in 2030.

Sites Reservoir Project

Applicant: Sites Project Authority



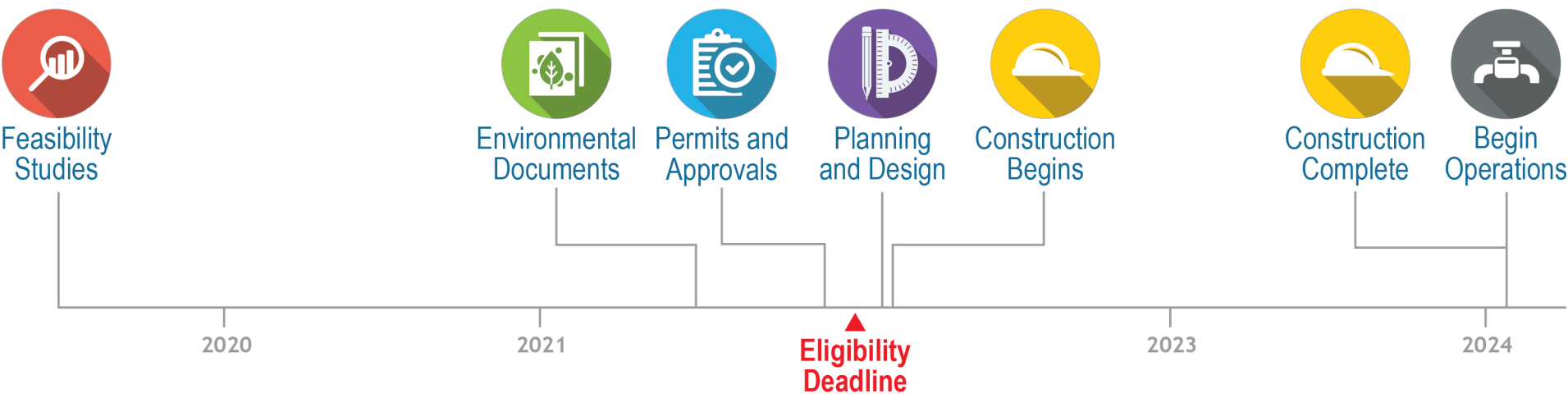
Public Benefits: Flood Control, Recreational Purposes, Ecosystem Improvements



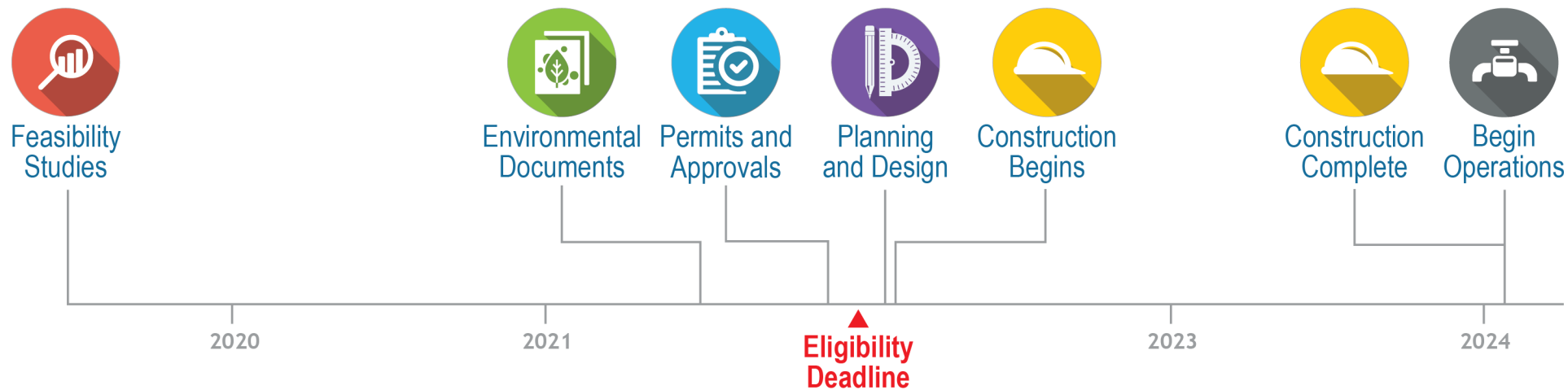
- Studies are nearing completion to define a “right sized” project.
- Work is progressing to secure additional funding from the 21 participating local agencies by the third quarter of 2020.
- Applicant hopes to begin construction in early 2022 and complete it in late 2029.

South Sacramento County Agriculture & Habitat Lands Recycled Water, Groundwater Storage, and Conjunctive Use Program (Harvest Water Program)

Applicant: Sacramento Regional County Sanitation District



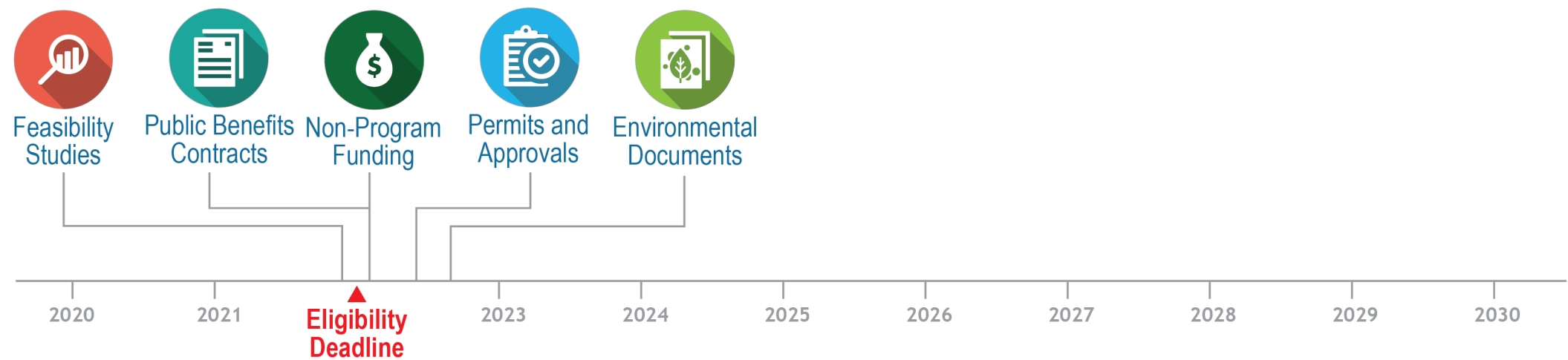
Public Benefits: Water Quality Improvements, Ecosystem Improvements



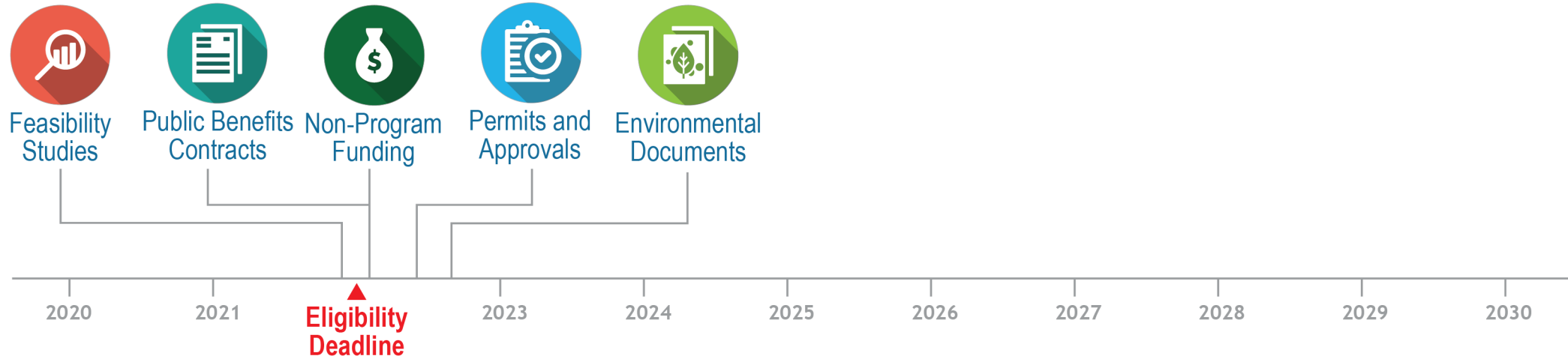
- The applicant is funding the non-public cost share for the project and has prepared a completed feasibility study.
- CEQA documents are anticipated to be completed between now and June 2021.
- Construction is expected to begin in early 2022 and be completed in early 2024, with operations commencing at that time.

Temperance Flat Reservoir Project

Applicant: Temperance Flat Reservoir Authority



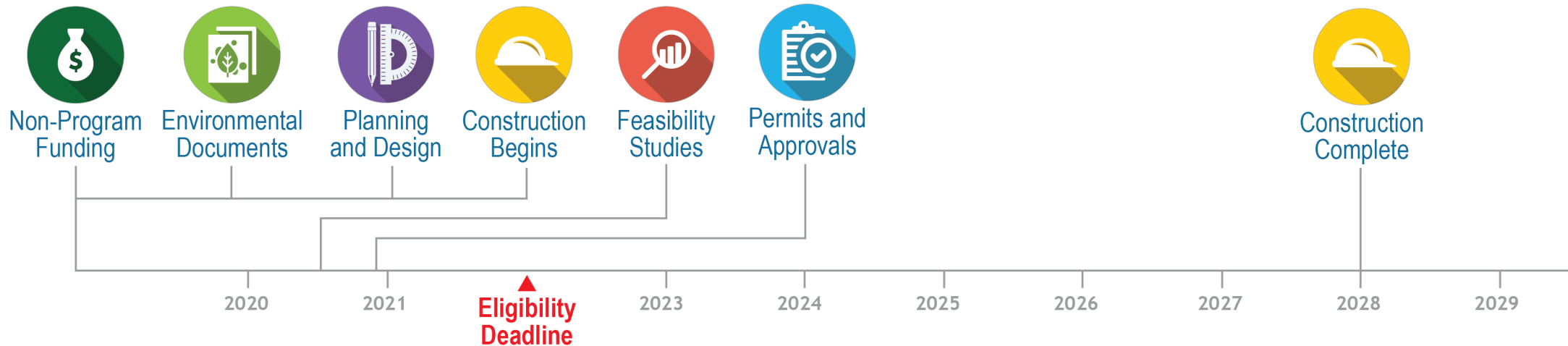
Public Benefits: Emergency Response, Flood Control, Ecosystem Improvements



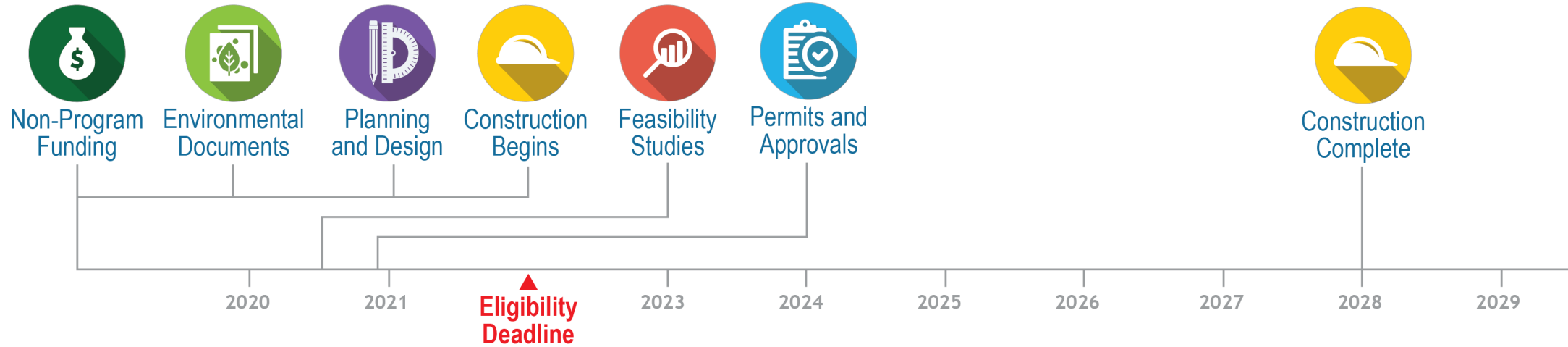
- Applicant requested Bureau of Reclamation to place the feasibility study in a “Deferral” status.
- The applicant continues to work to pursue the participation of potential investors in the project.
- It is not known at this time if the project will be able to meet the January 1, 2022, eligibility requirements.

Willow Springs Water Bank Conjunctive Use Project

Applicant: Southern California Water Bank Authority



Public Benefits: Emergency Response, Ecosystem Improvements



- Phase I of a Conjunctive Use Feasibility Study has been submitted.
- Environmental documentation submitted for the project site but additional CEQA for the exchange water may be necessary.
- The applicant is in the process of securing a State Water Contractor on board to secure the ecosystem benefit and move the project forward.

Applicant letter

- Received May 11, 2020
- Suggests ways to assist applicants due to economic hardships caused by Covid-19
- Suggestions fall in to three categories:
 - Agreement flexibility
 - Regulatory changes
 - Statutory change

Early funding agreement flexibility

- Release withheld funds
- Scope changes
- Frequency of invoicing
- Cost-share ratio

These are not program changes and can be implemented at the staff level.

Early funding agreement flexibility

- Staff can work with early funding recipients on a case-by-case basis.
- Early funding recipient will need to initiate request and demonstrate need.
- Any adjustments to agreements will need to be appropriately documented in both the Commission and the applicant records.

Requested regulatory changes

- Reopen early funding opportunity to projects that did not request it during the application process.
- Increase early funding cap from 5 percent to 10 percent of MCED.
- Extend reimbursement window from August 2017 back to November 2014.

Reopen early funding opportunity

- Applicants that do not currently have early funding could apply for such funding. This could reduce the risk of slowing or stoppage of project work due to economic impacts.
- If the Commission decides to move forward with this regulation change, it must also decide on the regulatory mechanism to do so.
- Staff recommends pursuing the use of emergency regulations as the effectiveness of the change would be lost in the standard regulation change timeline.

Reopen early funding opportunity

- Applicants must submit request for early funding.
- If the Commission decides to award funds, staff would formulate a funding agreement.
- Providing an early funding opportunity does not guarantee funding for any project.
- Emergency regulations would require a shorter timeline than regular regulations.

Increase early funding cap

- Letter requests an increase in early funding cap from 5 percent to 10 percent of MCED.
- Commission intended bulk of the Proposition 1 funds for construction activities.
- None of the current early funding recipients have exceeded their contract amount.
- Staff recommends no change to regulations.

Extend cost-share reimbursement window

- Letter requests allowing the reimbursement of prior costs to extend back to November 4, 2014, instead of the current August 14, 2017, date, when applications were due.
- Date change would not help advance projects.
- Increased possibility of stranded investment.
- Staff recommends no change to regulations.

Requested statutory change

- Requested a day-for-day extension of the pre-established January 1, 2022, eligibility deadline or interpret requirements for feasibility and local cost share commitments.

Requested statutory change

- Change of this type is difficult and would require approval from both houses of the Legislature and the voters.
- Eligibility date exists for a reason.
- Not connected to Covid-19 economic hardship.
- Staff recommends no date change, instead, will work with applicants on what needs to be submitted.

Commission decisions

- If the Commission decides to implement any of these changes, it will direct staff to begin the change process but does not guarantee the outcome.
- Regulatory and statutory changes are subject to specific processes that can contain additional approval processes and necessary coordination with other State efforts.
- If the requested regulatory or statutory change is successful, additional process may be needed to fully implement the change.

REGULATORY/STATUTORY CHANGE	PURSUE CHANGE	DO NOT PURSUE CHANGE
New Early Funding Opportunity	Applicants that do not currently have early funding can apply for such funding. Results in reducing risk of slowing or stoppage of project work due to economic impacts.	No additional opportunity to access early funding. Some projects may slow or stop due to economic impacts.
Extend Early Funding cap to 10% of MCED	Early funding recipients could double the current early funding award if they can demonstrate expenditures within statutory limitations. Any new early funding awards would be subject to the new cap.	Current awards would remain the same. Any additional early funding awards would be capped at 5% of MCED.
Early Funding reimbursable costs extended to date of Prop 1 passage	Early Funding recipients could be reimbursed for costs incurred between November 2014 and August 2017.	Early funding recipients continue to be limited to reimbursement for costs incurred since the application date in August 2017.
Requested a day-for-day extension of the pre-established eligibility deadline	Staff will look into the process and report back to the Commission	Date will remain January 1, 2022.